

California Disaster Relief Tax Provisions

Earthquake Damaged Locations: Napa County, California, September 3, 2000

Introduction

Here is a brief overview of the California tax treatment for victims of the Napa County Earthquake, a presidentially declared disaster area. For more detailed information, refer to our publication FTB Pub. 1034, *Disaster Losses*.

California law is generally the same as federal law for casualties and disasters. When your property is lost or damaged due to an earthquake, fire, flood, or similar event that is sudden, unexpected, or unusual, it is considered a casualty loss. The damage to your property that is not repaid by insurance or other reimbursements usually qualifies as a casualty loss deduction for tax purposes. Your casualty loss becomes a disaster loss when both of the following occur:

- 1) You sustain the loss in an area the President of the United States or the Governor of California designates as a disaster area. (Note: If the disaster is declared by the Governor of California only, subsequent state legislation is required for the disaster provision to be activated).
- 2) You sustain the loss because of the declared disaster.

Special tax rules apply to disaster losses. You can claim a disaster loss in the tax year the disaster occurred or in the tax year before the disaster occurred. The benefit to claiming your disaster loss in the prior year is that we can quickly issue you a refund.

For taxpayers whose losses exceed their income, the Napa Earthquake qualifies for 100 percent carry over of any excess disaster loss. The disaster loss deduction and carryover rules are not suspended for the 2002 and 2003 tax years as are other net operating losses.

When to Claim Your Disaster Loss

The deadlines for electing a prior year deduction versus claiming your loss on the current year are:

Personal Returns:

Year of Loss	Prior Year Return	Current Year Return
	1999	2000
2000	Claim on original or amended 1999 tax year return by October 15, 2001.	Claim on the 2000 tax year return.

Corporation Returns:

Year of Loss	Prior Year Return	Current Year Return
	1999	2000
2000	Claim on original or amended 1999 tax year return by the current year's extended due date, the 15th day of the tenth month after the close of the taxable year.	Claim on 2000 tax year return.

Speeding Up Your Refund

Print "**NAPA EARTHQUAKE**" in red ink at the top of Side 1 of your tax return. If you e-file your tax return, please follow the software instructions to enter the above information when prompted.

For More Information

Request our publication FTB Pub. 1034, *Disaster Losses*. You can download this publication at the FTB's Website at www.ftb.ca.gov or order one by calling (800) 852-5711. To learn more about deducting casualty and disaster losses, see IRS Publication 547, *Casualties, Disaster, and Thefts (Business and Nonbusiness)*.